

**CITY OF GUTTENBERG**  
**INDEPENDENT ACCOUNTANT'S EXAMINATION REPORT**  
**FOR THE PERIOD**  
**JULY 1, 2012 THROUGH JUNE 30, 2013**

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## CITY OF GUTTENBERG

### OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Russell Loven	Mayor	Jan. 2016
Ralph Livingston	Mayor Pro tem	Jan. 2014
Steve Friedlein	Council Member	Jan. 2014
David Schlueter	Council Member (Appointed Aug. 6, 2012)	Jan. 2014
Virginia Saeugling	Council Member	Jan. 2016
Jane Parker	Council Member	Jan. 2016
Barry Dykhuizen	City Manager/Clerk/Treasurer	Oct. 2013
Julie Zittergruen	Deputy Clerk	Indefinite
Michael Schuster	Attorney	Indefinite

# Dietz, Donald & Company

CERTIFIED PUBLIC ACCOUNTANTS

**STEVEN S. CLAUSEN, CPA**

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## INDEPENDENT ACCOUNTANT'S EXAMINATION REPORT

To the Honorable Mayor  
and Members of the City Council:

We have performed an examination of the City of Guttenberg pursuant to Chapter 11.6 of the Code of Iowa. Accordingly, we have applied certain tests and procedures to selected accounting records and related information of the City of Guttenberg for the period July 1, 2012 through June 30, 2013. The agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.

The procedures we performed are summarized as follows:

1. We reviewed selected City Council meeting minutes for compliance with Chapters 21, 372.13(6) and 380 of the Code of Iowa.
2. We reviewed the City's internal controls to determine if proper control procedures are in place and incompatible duties, from a control standpoint, are not performed by the same employee.
3. We reviewed security bond coverage for compliance with Chapter 64 of the Code of Iowa.
4. We obtained and reviewed the City Clerk's financial reports and selected bank reconciliations to determine whether the bank balances properly reconciled to the general ledger account balances and monthly financial reports provided to the City Council.
5. We reviewed City funds for consistency with the City Finance Committee's (CFC) recommended uniform chart of accounts and to determine required funds and fund balances are properly maintained and accurately accounted for.
6. We reviewed the City's fiscal year 2013 Annual Financial Report (AFR) to determine whether it was completed and accurately reflects the City's financial information.

7. We reviewed investments to determine compliance with Chapter 12B of the Code of Iowa.
8. We reviewed compliance with Chapters 12C.2, 12B.10B and 556.1(12) of the Code of Iowa pertaining to required depository resolutions, investment policy and reporting of unclaimed property to the State of Iowa.
9. We reviewed debt, including general obligation and revenue bonds/notes, and related transactions for proper authorization and compliance with Chapters 75, 384 and 403.9 of the Code of Iowa and to determine whether the debt and related procedures and repayments were properly accounted for.
10. We reviewed and tested selected tax increment financing (TIF) transactions, including receipts, disbursements and transfers, for compliance and accurate accounting, including compliance with the TIF reporting requirements of Chapter 384.22 of the Code of Iowa.
11. We reviewed the City's TIF debt certification forms filed with the County Auditor, including requests for collection of reduced TIF amounts and to decertify certain TIF obligations, as applicable for proper support and compliance with Chapter 403.19(6) of the Code of Iowa.
12. We reviewed and tested selected receipts for accurate accounting and consistency with the CFC recommended Chart of Accounts.
13. We reviewed and tested selected disbursements for proper approval, adequate supporting documentation, accurate accounting and consistency with the CFC recommended chart of accounts and compliance with the public purpose criteria established by Article III, Section 31 of the Constitution of the State of Iowa.
14. We reviewed transfers between funds for propriety, proper authorization and accurate accounting.
15. We reviewed and tested selected payroll and related transactions for propriety, proper authorization, and accurate accounting.
16. We reviewed the annual certified budget for proper authorization, certification, and timely amendment.

Based on the performance of the procedures described above, we identified various recommendations for the City. Our recommendations are described in the Detailed Recommendations section of this report. Unless reported in the Detailed Recommendations, items of non-compliance were not noted during the performance of the specific procedures listed above.

We were not engaged to and did not conduct an audit of the City of Guttenberg, the objective of which is the expression of opinions on financial statements. Accordingly, we do not express opinions on the City's financial statements. Had we performed additional procedures, or had we performed an audit of the City of Guttenberg additional matters might have come to our attention that would have been reported to you.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Guttenberg and other parties to whom the City of Guttenberg may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Guttenberg during the course of our examination. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Elkader, Iowa

October 31, 2013

A handwritten signature in cursive script that reads "Dietz, Donald & Company". The signature is written in dark ink and is positioned above the printed name of the firm.

Dietz, Donald & Company  
Certified Public Accountants  
FEIN 42-1172392

## DETAILED RECOMMENDATIONS

CITY OF GUTTENBERG  
DETAILED RECOMMENDATIONS  
For the Period July 1, 2012 through June 30, 2013

- [A] Deposits - The City has not updated its depository resolution since May 4, 1998 and maximum amounts established in this resolution were exceeded during the year in violation of Chapter 12C.2 of the Code of Iowa.

Recommendation - The City should pass a new depository resolution increasing the maximum deposit amount to an amount considered appropriate by the Council.

- [B] Amended Budget - Although the City's disbursements did not exceed the amounts budgeted, the amended budget was not passed until May 29, 2013. The City's debt refinancing occurred in August, 2012 and the debt service function would have been exceeded at that time. Chapter 384.20 of the Code of Iowa states, in part, "Public monies may not be expended or encumbered except under an annual or continuing appropriation."

Recommendation - The budget should have been amended timely in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed budget.

- [C] Reconciliation of Utility Billings, Collections and Delinquent Accounts - Utility billings, collections and delinquent accounts were not reconciled throughout the year.

Recommendation - Procedures should be established to reconcile utility billings, collections and delinquent accounts for each billing period. An independent person designated by the City Council should review the reconciliations and monitor delinquent accounts.

- [D] Misclassification of Receipts - State Revolving Fund loan proceeds were recorded as Community Development Block Grant receipts in the City's financial records and in the 2013 State of Iowa Annual Financial Report.

Recommendation - The City should implement procedures to ensure that loan proceeds and grant receipts are properly recorded in the financial statements.



CITY OF GUTTENBERG  
DETAILED RECOMMENDATIONS  
For the Period July 1, 2012 through June 30, 2013

- [E] Business Transactions - Business transactions between City and City officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Steve Friedlein, Council Member Employee Kann Manufacturing	Repairs	\$ 129
Julie Zittergruen, Deputy Clerk/ Assistant City Manager, sibling to Owner of Fassbinder Small Engines	Repairs	1,892

In accordance with Chapter 362.5(3)(K) of the Code of Iowa, the transactions with Kann Manufacturing and Fassbinder Small Engines do not appear to represent conflicts of interest since total transactions with each business were less than \$ 2,500 during the fiscal year.